

Innovative Marketing Practices of Global e-Business Firms and its Impact on Firm Valuation

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Abstract

The importance of e-business model concept is widely recognized for innovative marketing practices. Success of an E-business firm depends on how well its business design matches their customer priorities, which requires massive investments in developing productive assets. The paper throws light on the design and working of “Market Place Business Model” of eBay, ‘Stock and Sell’ model of Amazon and ‘Group Discount Model’ of Groupon. These models requires different asset development plans and varying financing strategies. The purpose of this research paper is to describe the three global e-business models which are at the heart of India’s e-commerce market, and develop a body of knowledge focusing on how the innovative marketing practices impact the valuation of the firm. Relative valuation for the three firms under the study namely Amazon, eBay and Groupon is conducted using price multiple approach. Respective regression betas of these firms are stripped off the financial leverage and adjusted for cash holdings to reproduce risk of their operating models.

Key Words: e-Business Models, Auction, Bidding, Sales Revenue Model and Affiliate Revenue Model, Unlevered Beta, Relative Valuation.

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